

# Family and Social Services Administration

## Indiana Division of Aging

### *Financial Review*

**July 1, 2007 – June 30, 2008**



State Fiscal Year 2008

# THE INDIANAPOLIS STAR

THURSDAY, JULY 24, 2008 ★ "Where the spirit of the Lord is, there is liberty" II COR. 3:17 ★ 50 CENTS ★ CITY FINAL

## EDITORIAL

# Give state leaders credit for all-time high rating

**S**tate legislators and then-Gov. Joe Kernan had churned through nearly every budget gimmick at their disposal by the fall of 2004.

Payments to public schools, universities and local governments — \$715 million worth — had been delayed indefinitely. A one-time dose of \$250 million in federal aid, thrown into the budget gap, already had been expended. The state also had dipped into Teachers Retirement Fund reserves, pulling out \$380 million to meet current obligations.

Yet, despite running through maneuvers that bordered on desperation, the state still faced a budget shortfall of more than \$800 million. Analysts also were pessimistic about the state's ability to grow its way out of the budget mess because of an old-school economy, dependent on a traditional manufacturing sector long in decline.

The fiscal climate of four years ago needs to be kept in mind when assessing the significance of Standard & Poor's decision this week to award a first-ever AAA bond rating to Indiana.

**Our position:**  
**State rewarded for taking reasonable chances to bring budget under control.**

Yes, the savings to taxpayers that will come with the higher rating — including \$850,000 a year on Lucas Oil Stadium and the convention center expansion — are worth celebrating.

But perhaps even more important is the fact that a respected independent firm has validated several difficult, controversial decisions that Gov. Mitch Daniels and the General Assembly made to bring Indiana's budget back into balance.

One of those decisions involved capping annual growth in the Medicaid budget at 5 percent (both projections and past experience called for 10 percent

growth). Critics said it couldn't be done, at least not without inflicting undue pain on Indiana's poorest and sickest residents. The cap, however, worked, bringing under control a line item that would have otherwise wrecked the budget. In the interim, the state created a promising health insurance program for low-income Hoosiers that is funded through a cigarette tax increase.

The lease of the Indiana Toll Road continues to draw fire, but the \$3.8 billion in capital leveraged through the deal has enabled the state to make much-needed improvements in infrastructure while handing off management of an underperforming asset.

In announcing Indiana's higher bond rating, Standard & Poor's noted that the state's economy now is more diversified than in past years. That's not by accident. The state, starting in the O'Bannon administration, began pushing growth in the life sciences, logistics, advanced manufacturing and high-tech sectors.

Bottom line? Indiana's leaders took reasonable chances, making hard and sometimes unpopular choices. Now, all Hoosiers are set to reap the rewards.

## Capping Annual Growth in Medicaid to 5%

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# THE WALL STREET JOURNAL.

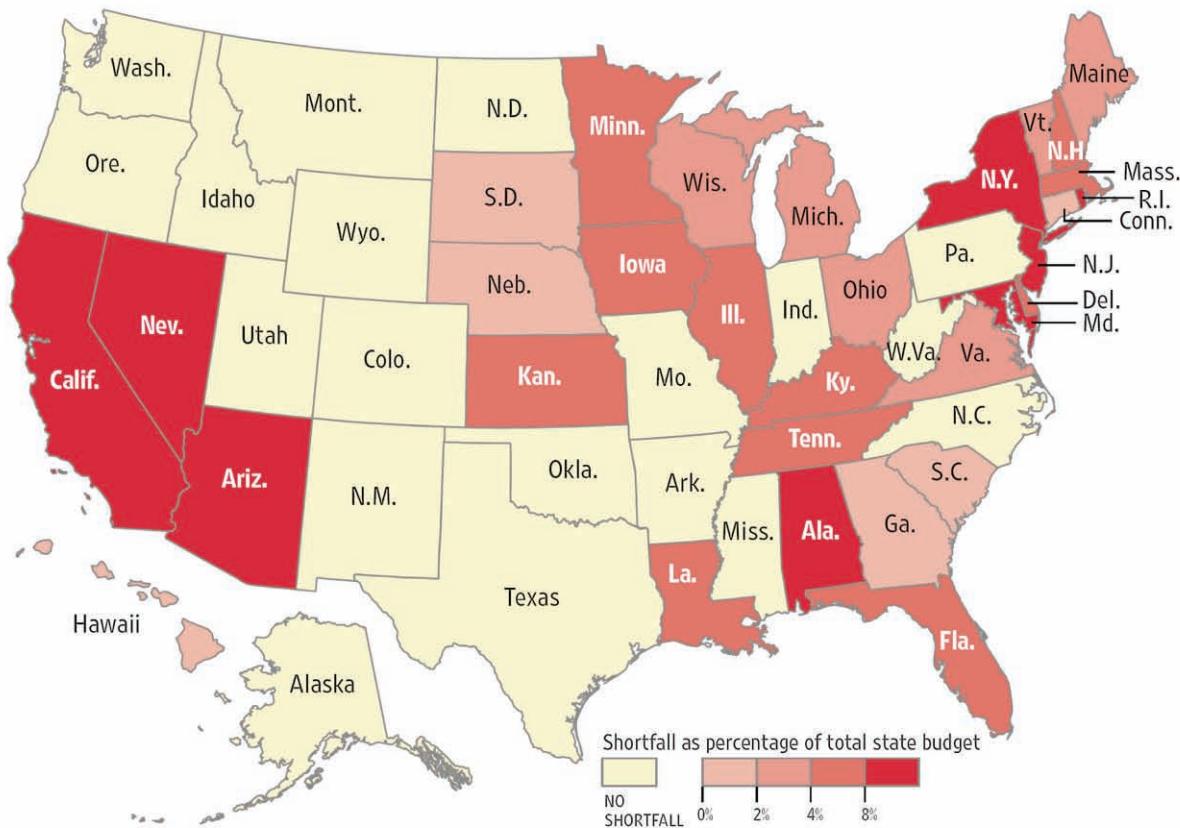
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## States Slammed by Tax Shortfalls

BY CONOR DOUGHERTY,  
AMY MERRICK  
AND ANTON TROIANOVSKI

### Strapped in America

Size of shortfall faced by states as they prepared budgets for the fiscal year that began July 1.



Note: Fiscal year ends June 2009

Source: National Conference of State Legislatures

# Division of Aging

June-08

***Numbers Illustrated in Thousands***

## **Expenditures**

### **Medicaid**

Direct Services  
Nursing Home Facilities  
Hospice Services

Waivers  
Aged and Disabled Waiver  
MFP Demonstration Grant  
TBI  
State Plan Services  
State Plan Services - Non-MFP Grant  
State Plan Services - MFP Grant

PCCM Admin Fees  
ARCH

**Total - Medicaid**

	SFY 2008 Year To Date		Variance	SFY 2009		Variance
	Current Month Actual	Actual		Forecast	Budget	
Nursing Home Facilities	81,684	1,043,011	1,090,109	47,097	1,079,138	1,079,138
Hospice Services	4,848	53,237	49,020	(4,217)	57,503	57,503
Aged and Disabled Waiver	4,371	59,568	64,953	5,385	91,423	91,423
MFP Demonstration Grant	0	0	438	438	2,412	2,412
TBI	226	3,480	3,995	514	5,131	5,131
State Plan Services	15,951	225,727	234,694	8,967	282,821	282,821
State Plan Services - Non-MFP Grant	0	0	344	344	3,494	3,494
State Plan Services - MFP Grant	31	321	667	346	805	805
PCCM Admin Fees	186	2,550	2,134	(415)	2,538	2,538
<b>Total - Medicaid</b>	<b>107,297</b>	<b>1,387,894</b>	<b>1,446,353</b>	<b>58,460</b>	<b>1,525,265</b>	<b>1,525,265</b>
						<b>0</b>

### **Non-Medicaid**

Community & Home Options Inst Care-Elderly & Disabled-CHOICE  
HHS Title III Area Administration & Services Program

Residential Care and Assistance Program / RCAP

SSBG Aging

OBRA/PASRR Program

Title V Employment Program

Adult Protective Services Program

Older Hoosiers Program

Nutrition Services Incentive Program / NSIP

Medicaid Waiver Administration

LTC Ombudsman Program

Money Follows the Person Program

Adult Guardianship Services Program

Aging Central Office Administration

**Total - Non-Medicaid**

Community & Home Options Inst Care-Elderly & Disabled-CHOICE	4,262	32,135	34,466	2,331	37,347	37,347	0
HHS Title III Area Administration & Services Program	1,905	24,210	26,176	1,966	26,261	26,261	0
Residential Care and Assistance Program / RCAP	764	9,474	10,648	1,174	13,852	13,852	0
SSBG Aging	892	6,683	7,183	500	9,425	9,425	0
OBRA/PASRR Program	2	6	83	77	8	8	0
Title V Employment Program	162	2,542	2,251	(292)	2,989	2,989	0
Adult Protective Services Program	155	2,656	2,790	134	2,733	2,733	0
Older Hoosiers Program	92	1,660	1,598	(62)	1,622	1,622	0
Nutrition Services Incentive Program / NSIP	82	1,467	1,559	92	1,618	1,618	0
Medicaid Waiver Administration	179	1,820	4,599	2,779	3,291	3,291	0
LTC Ombudsman Program	56	664	653	(11)	832	832	0
Money Follows the Person Program	109	488	2,500	2,012	3,554	3,554	0
Adult Guardianship Services Program	23	437	936	499	492	492	0
Aging Central Office Administration	47	353	1,192	840	885	885	0
<b>Total - Non-Medicaid</b>	<b>8,730</b>	<b>84,593</b>	<b>96,634</b>	<b>12,040</b>	<b>104,909</b>	<b>104,909</b>	<b>0</b>

**Total - Expense**

<b>Total - Expense</b>	<b>116,026</b>	<b>1,472,487</b>	<b>1,542,987</b>	<b>70,500</b>	<b>1,630,174</b>	<b>1,630,174</b>	<b>0</b>
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# **DA FY08 ACCOMPLISHMENTS**

- The Division of Aging was able to increase the number of aged and disabled clients receiving Medicaid Waiver services by over 1,100, or almost 23%.
- The number of clients residing in Assisted Living and Adult Foster Care increased by more than 36%.
- Secured legislation that capped the number of Medicaid beds in nursing facilities until 2011, or until occupancy rates reach 95%.
- The CHOICE waitlist continued to decline and was reduced by 14% in FY08.
- The Division of Aging was able to announce rate increases to the Aged and Disabled Waiver and Residential Care Assistance Providers.

## **DA FY08 ACCOMPLISHMENTS (CONT)**

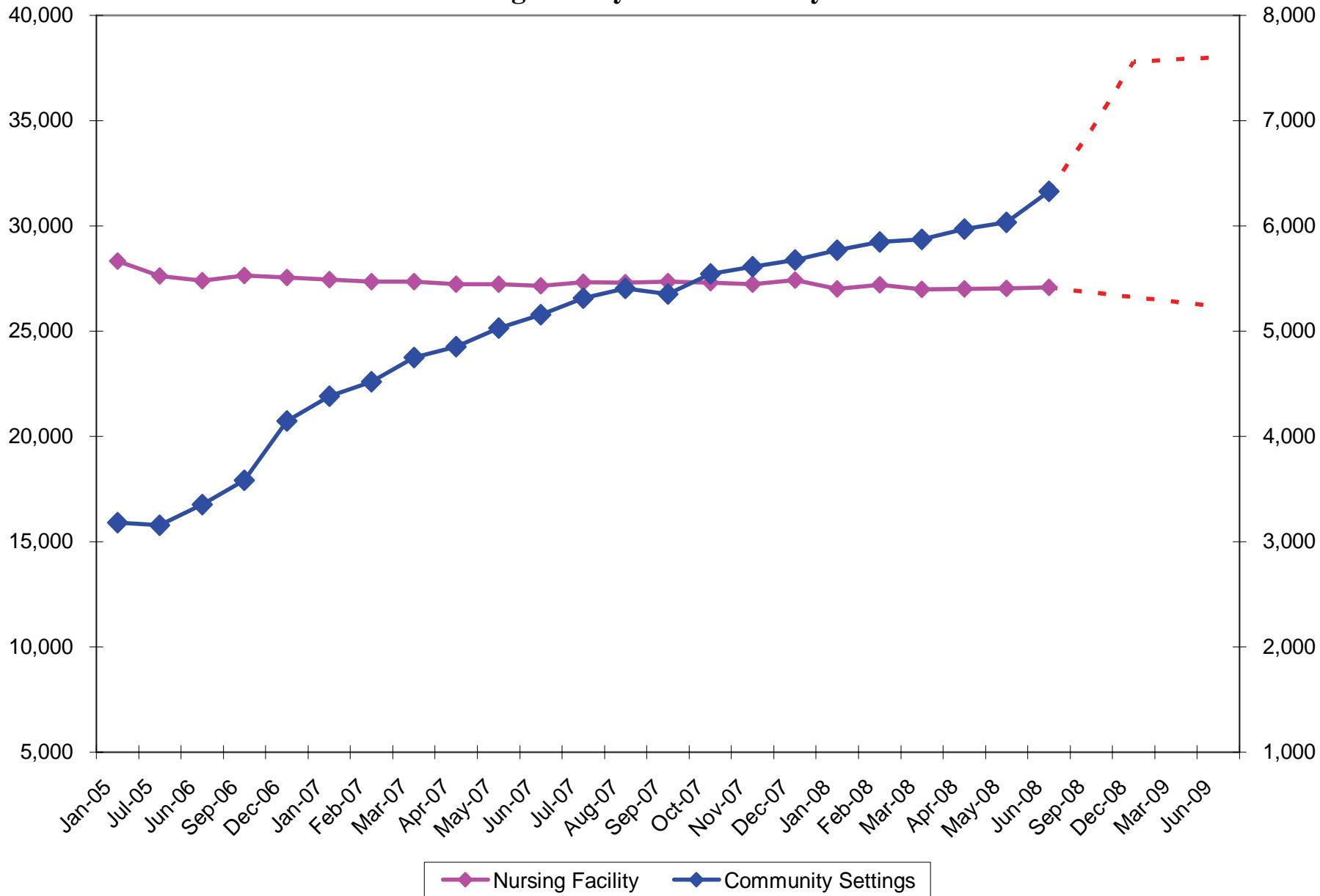
- The Division partnered with the University Of Indianapolis, Center for Aging and Community, to provide for the establishment of five (5) Naturally Occurring Retirement Communities (NORC's) throughout the state. The NORC's will help to promote and expand the options available to seniors so that they may age in place.
- The Division increased access to transportation by partnering with the Indiana Department of Transportation. Forty-seven (47) communities have received assistance in purchasing accessible vehicles as a result of this partnership. The DA plans to partner again in FY09.

## **DA FY08 ACCOMPLISHMENTS (CONT)**

- The final portion of the Division's \$1.1M federal grant for the development of Aging and Disability Resource Centers (ADRC's) was distributed. These funds, as well as state dollars, were used to establish sixteen (16) ADRC's throughout the state. These sites will help aging and disabled Hoosiers learn about the full range of available services and resources in their communities, regardless of their income.
- The Division of Aging received formal approval from CMS to proceed with its \$21M Money Follows the Person (MFP) demonstration program. Implementation will begin in FY2009 and the Division expects to transition over 1,000 individuals from nursing facilities into the community over the next 3 years.

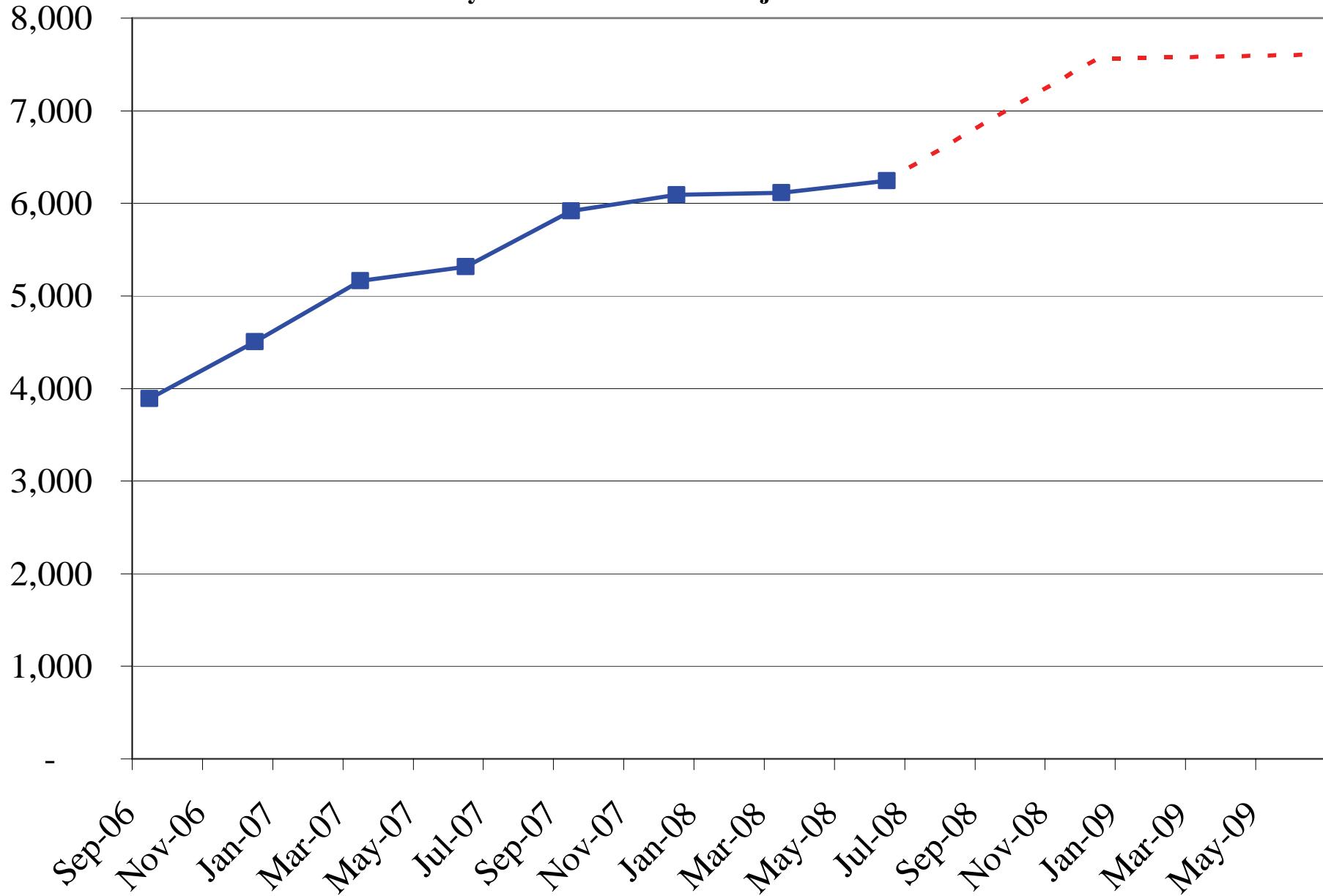
# Medicaid Services

## Nursing Facility vs. Community Clients



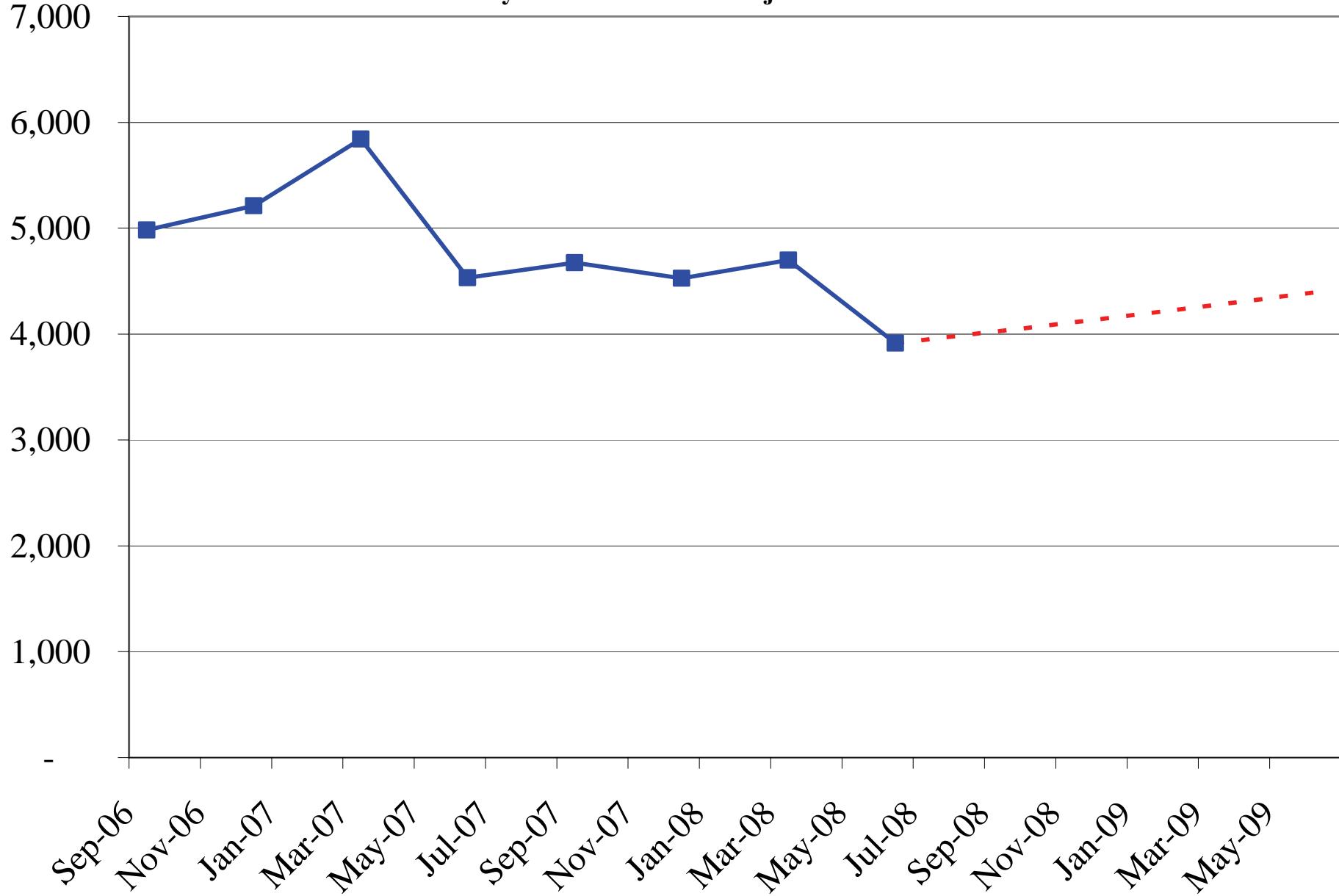
# Medicaid Waiver

## Monthly Clients Served with Projected Growth

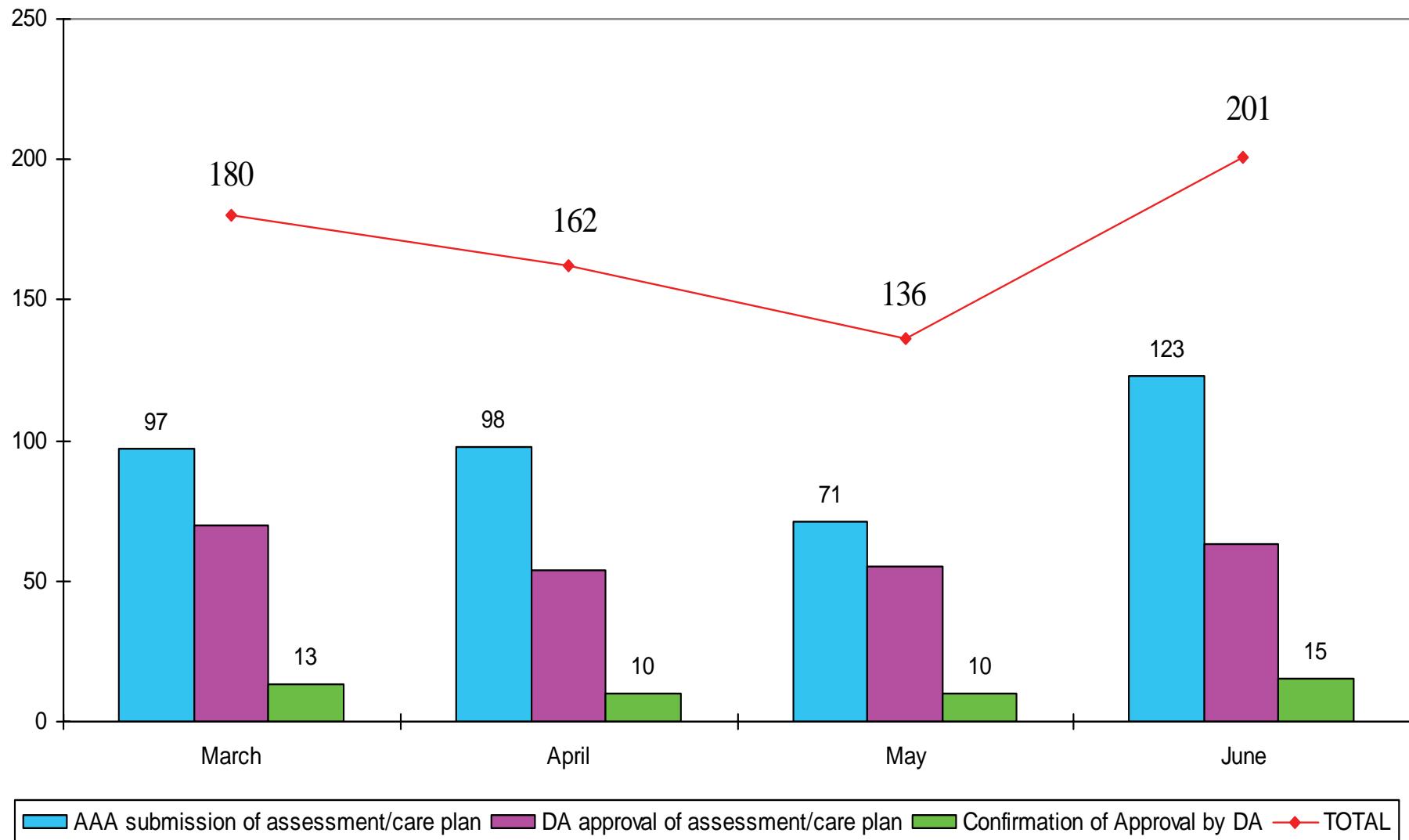


# CHOICE

## Monthly Clients Served & Projected Growth



# LENGTH OF TIME FOR A&D WAIVER PROCESSING



# PROJECT PLAN FOR WAIVER PROCESSING

	May	June	July	Aug	Sept	Oct	Nov	Dec
<b>Initial Conference call with 6 AAA case management staff</b>	✓							
<b>Internal meetings with DA waiver staff to document processes</b>		✓						
<b>Site visits to AAA's to meet with case managers and document processes</b>  •07/15 Area 6 and Area 8 •07/21 Area 9 , 07/31 Area 3 •08/6 Area 14, TBD Area 4								
<b>Initial deliverables due. Includes suggestions for both process and technical changes necessary to reduce processing time.</b>					Sept. 1			
<b>Submit any INSite change orders and review findings with case management team</b>						Oct. 1		
<b>Document process and procedures for waiver case managers</b>						Oct. 31		
<b>Distribute new document to each case manager.</b>							Nov 1	

# OTHER DIVISION OF AGING PROJECTS

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
<b>Rate increases for the Aged and Disabled Waiver</b>	✓							
<b>Changes to internal processing for AFC and ALF to allow for retro-payments</b>								
<b>Changes to Nursing Facility rate methodology introduced</b>								
<b>Quality Assurance Initiatives – field staff hired, uniform incident reporting, AFC provisional certification and mandatory workshops.</b>								
<b>Implementation of MFP program</b>								
<b>Implementation of NF Prior Authorization</b>								
<b>Proposal for CHOICE revamp (Opt In) released for stakeholder comment</b>								
<b>Begin pilot w/IAHHC to address provider capacity.</b>								
<b>New AAA contracts drafted</b>								